

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Integrate and
Refine Procurement Policies and Consider
Long-Term Procurement Plans.

R.12-03-014
(Filed March 22, 2012)

**RESPONSES OF PACIFIC GAS AND ELECTRIC COMPANY (U 39 E) TO THE
SEVEN QUESTIONS ASKED BY THE ADMINISTRATIVE LAW JUDGE AT THE
SEPTEMBER 4, 2013, PREHEARING CONFERENCE**

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Dated: September 30, 2013

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Pursuant to the schedule established by the assigned Commissioner and Administrative Law Judge (ALJ) in their September 16, 2013, Ruling Regarding Track 2 and Track 4 Schedules, Pacific Gas and Electric Company (PG&E) provides these responses to the questions raised by the ALJ at the September 4, 2013, pre-hearing conference.

- 1. How much of the 1,400 to 1,800 megawatts (MW) authorized for procurement by Southern California Edison Company (SCE) in Track 1 of this proceeding should be assumed for Track 4 and by what date (2018 or 2022)? Does it matter what types of resources are procured?**

As discussed in more detail in the reply testimony that PG&E is submitting concurrently with the submission of these comments, the full amount of need should be identified in Track 4 of this proceeding prior to inclusion of any need authorized for procurement in Track 1 of this proceeding. The full amount authorized in Track 4 should be offset by any amounts procured pursuant to the Track 1 authorization to the extent that the procurement is demonstrated to meet the local reliability needs identified in Track 4, as well.

- 2. A proposed decision was recently issued in the Storage Order Instituting Rulemaking (OIR), but no final decision has been ordered at this time. Should anything in the Storage OIR be considered for Track 4 procurement?**

Given that the Storage OIR decision is not yet final, PG&E cannot provide specifics about what should be included in Track 4 with regards to energy storage. However, generally,

PG&E supports the Long-Term Procurement Plan (LTPP) proceeding as the appropriate forum to align with the Storage OIR for procurement authorization to satisfy need.

3. Are there any other updates to assumptions which should be considered?

PG&E does not recommend any additional updates to assumptions for Track 4 studies. The Commission has adequate information in the record to make a need determination and procurement authorization for southern California to meet its local reliability needs in 2018 and 2022. Any updates to assumptions at this time could lead to unnecessary delay in making a Track 4 decision.

4. What is an appropriate timeline for new resource procurement which may come online for Track 4 (including location)?

Adequate resources should be procured to meet identified needs for both 2018 and 2022. Given the retirement of the San Onofre Nuclear Generation Station (SONGS) and the scheduled once-through cooling (OTC) retirements in southern California, time is of the essence and resources should be procured as quickly as possible.

5. Should there be any contingency plans in case certain levels of resources do not materialize in a timely manner?

PG&E supports SCE's and San Diego Gas & Electric Company's (SDG&E) respective pursuit of "contingent site development" and "energy parks" to ensure sufficient generation is available to meet the full southern California local reliability needs identified in this proceeding. Such contingency plans could include completing the siting and permitting phase of resource procurement ahead of time for locations identified as most effective for meeting southern California local reliability needs. Such locations could then be used for siting generation resources that may be procured at a later time if identified transmission projects or preferred resources are not able to materialize within the necessary timeframe (2018 or 2022) or effectively meet the local reliability needs identified for southern California. PG&E supports this approach to the extent that SCE and SDG&E demonstrate it is cost-effective and prudent to pursue options contracts with potential developers given the uncertainties involved in relying on

transmission development or the ability of preferred resources to meet identified local capacity needs.

Any generation that is developed on these contingent sites as part of meeting the Track 4 need determination should have its costs allocated solely to southern California local areas that benefit directly from the reliability contributions of those resources and not PG&E customers. The contingent development sites that SCE and SDG&E respectively choose to pursue should be considered in this proceeding.

6. Should the Commission consider methods to reduce potential market power in SONGS for gas-fired resources and, if so, how?

PG&E defers to SCE and SDG&E to respond to this question given that this relates strictly to potential market power issues in their local areas.

7. If you are recommending preferred resources and/or energy storage to fill any need, how would these attributes meet LCR needs?

PG&E is not making any specific recommendations on this item.

Respectfully Submitted,

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